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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9891]

RIN 1545-BM95

Transfers of Certain Property by U.S. Persons to Partnerships With Related Foreign Partners; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations; correction.

SUMMARY: This document contains a correction to final regulations (T.D. 9891) that were published in the **Federal Register** on Thursday, January 23, 2020. Treasury Decision 9891 contains final regulations that provide guidance applicable to transfers of appreciated property by U.S. persons to partnerships with foreign partners related to the transferor.

DATES: Effective date: These regulations are effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER] and applicable January 23, 2020.

Applicability dates: For dates of applicability, see §1.721(c)-6.

FOR FURTHER INFORMATION CONTACT: Chadwick Rowland, (202) 317-6937 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations (TD 9891) that are the subject of this correction are issued under section 721 of the Internal Revenue Code.

Need for Correction

As published, the final regulations (TD 9891), contains errors that may prove to be misleading and are in need of clarification.

Correction to Publication

Accordingly, the final regulations (TD 9891), that are the subject of FR Doc. 2020-00383, in the issue of January 23, 2020 (85 FR 3833), are corrected as follows:

1. On page 3834, in the third column, in the second and third sentence of the second full paragraph, “PRS1 wholly owns a domestic corporation (UST). In Year 1, UST forms a new partnership (PRS2); as part of the formation, UST contributes section 721(c) property (as defined in §1.721(c)-1(b)(15)) in return for a 90 percent interest in PRS2’s capital and profits, and a U.S. individual (unrelated to UST) contributes cash in return for the remaining interest in PRS2’s capital and profits.” is corrected to read “PRS1 wholly owns a domestic corporation (UST) and holds 90 percent of the interests in a lower tier partnership’s (PRS2) capital and profits. In Year 1, UST and PRS2 form a new partnership (PRS3); as part of the formation, UST contributes section 721(c) property (as defined in §1.721(c)-1(b)(15)) in return for a 90 percent interest in PRS3’s capital and profits, and a U.S. individual (unrelated to UST) contributes cash in return for the remaining interest in PRS3’s capital and profits”.
2. On page 3834, in the third column, the second line of the fourth partial paragraph, “PRS2” is corrected to read “PRS3”.

3. On page 3835, in the first column, the second line from the bottom of the first full paragraph, “consequence, PRS2” is corrected to read “consequence, PRS3”.
4. On page 3835, in the third column, the third line from the bottom of the page, “filed before March 17” is corrected to read “filed before July 17.”

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